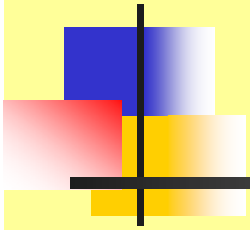


# **Financing Sustainable Rural Energy:** *Seizing the Business Opportunities for Financial Institutions*



**Charles Vann**  
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**Canadia Bank Plc**



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- **Cambodian Economy**
- **Banking Sector of Cambodia**
- **Canadia Bank Plc**
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# Introduction

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- Cambodia is situated on the southwestern part of the Indochina peninsula.
- It shares border with Laos, Thailand and Vietnam.
- Population of Cambodia (2006): 14 millions
- It began to return to a period of peace in 1993.
- It became a member of ASEAN in 1999.
- Cambodia joined WTO in 2004.

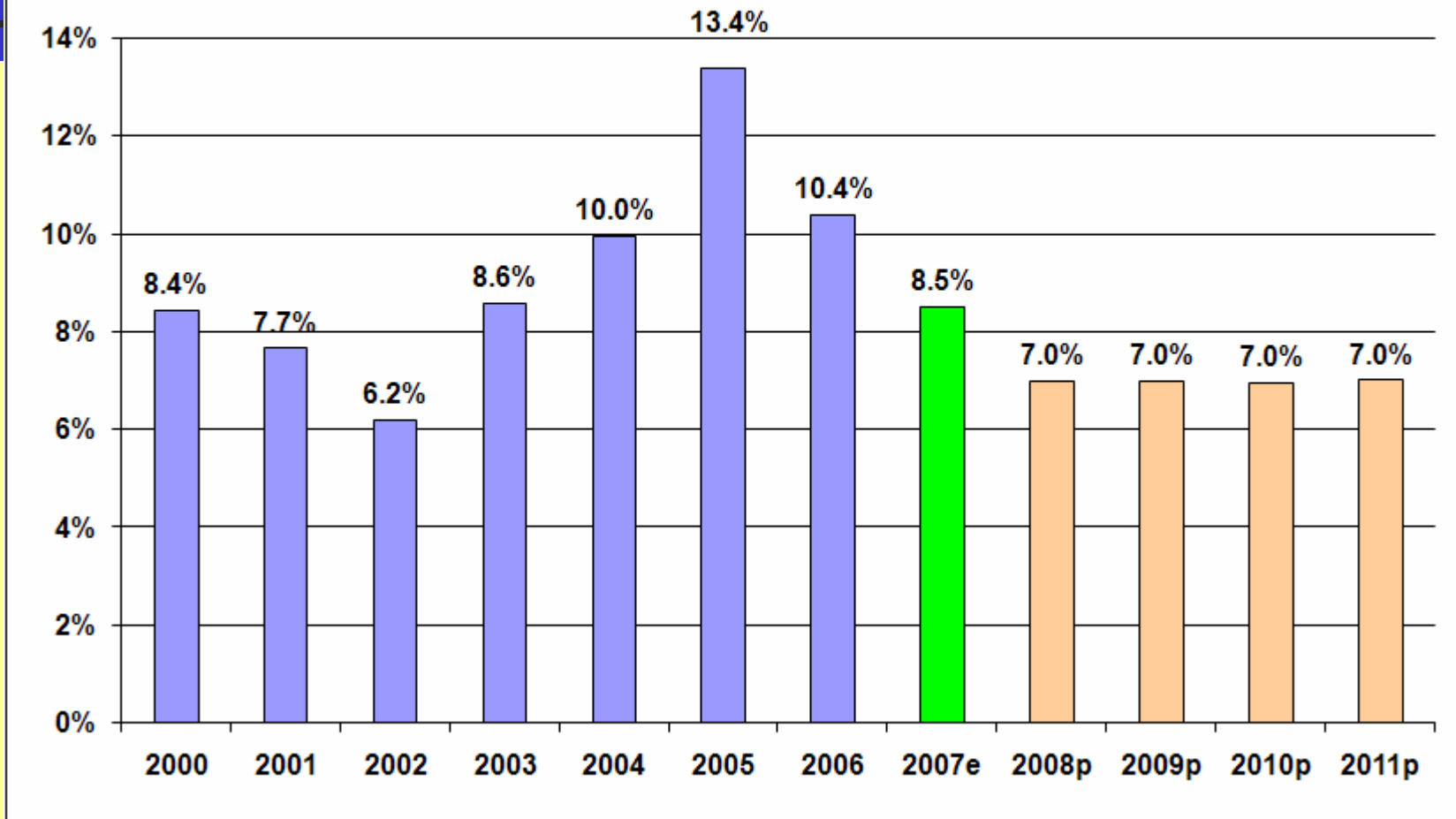


# Cambodian Economy

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- GDP growth: 10.4% (2006e) & 8.5% (2007f)
- GDP per capita: USD 460 (2006e) & USD 500 (2007f)
- From 1994 to 2006, the economy grew by average of 8.3% per year.
- The 2006 estimated economic growth of 10.4% was mainly driven by:
  - Agricultural sector: 5%
  - Garments industry: 20%
  - Tourism: 23.3%
  - Construction: 15.7%

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**Real GDP Growth Rate 2000-2011 (% change)**



Source: NBC

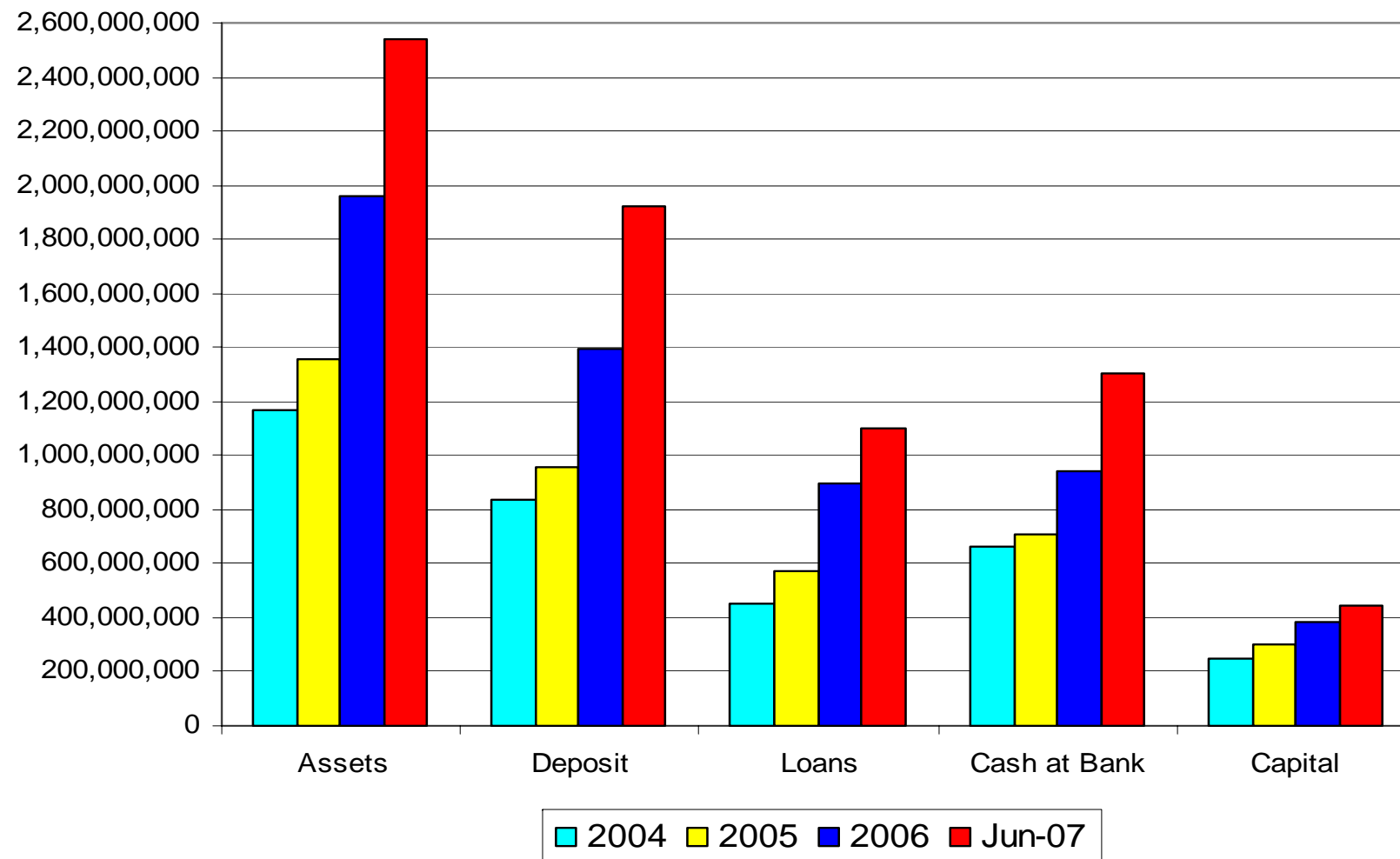


# Banking Sector of Cambodia

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- As 30<sup>th</sup> June 2007, the Banking Sector of Cambodia is composed of:
  - **17 commercial banks:** 3 foreign branch banks and 14 locally incorporated
  - **7 specialized banks:** 1 state owned (Rural Development Bank) and 6 privately owned
  - **2 representative offices:** Standard Chartered and Vietnam Bank for Agriculture and Rural Development
  - 17 licensed Micro Finance Institutions

## Banking Sector of Cambodia: 2004-2005-2006-Jun 2007



Source: NBC



# Canadia Bank Plc

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## ■ **Background**

- 11<sup>th</sup> November 1991: established as Canadia Gold & Trust Corporation Limited.
- 19<sup>th</sup> April 1993: Canadia Bank Ltd.
- 16<sup>th</sup> December 2003: Canadia Bank Plc.
- Since 1998, Canadia Bank has become the largest local bank in Cambodia.
- Head Office and branches: 1 H.O. and 13 branches
- Staff: more than 500 employees



# Rural Energy Financing (1)

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- **Impact of Rural Energy**
  - Reduce diesel fuel consumption
  - Decrease energy cost in rural areas
  - Reduce operation expense and increase profit for SMEs
  - Cut down electricity expense of rural people
  - Increase economic growth opportunities
  - Improve local environment



# Rural Energy Financing (2)

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- **Rural Energy Financing Opportunities**

- **Canadia Bank Case: SME Loan**

- Target customers: SMEs, especially in rural areas
    - Amount: US\$10,000 to US\$200,000
    - Duration: 3 to 5 years
    - Interest rate: 1% per month
    - Grace period on principal: during the start-up phase of the expansion



# Recommendations to SMEs

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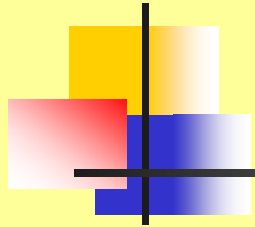
- Improve technical and managerial skills
  - Implement accounting system
  - Require a good business plan
  - Require freehold for security
- ⇒ Rural Energy Financing is a good opportunity for financial institutions.



# Conclusion

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- Country's political stability
- Cambodia's economy becoming healthy
- Banking Sector continue to develop
- Securities Market is developing
- Oil and Gas resources yet to announce



**Thank you for your participation**